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UNITED STATES DEPARTMENT OF AGRICULTURE  
Rural Electrification Administration  
Washington 25, D. C.

October 14, 1946

NEWSLETTER TOPICS

KNOW YOUR COOPERATIVE  
(Second of a series)

Q. DOES REA MANAGE THE CO-OPS?

A. No. REA-financed cooperatives are local private business enterprises. Their management is the responsibility of their members.

Q. HOW DO MEMBERS MANAGE THEIR CO-OP?

A. Members manage their cooperative through a board of directors chosen by themselves from among their own ranks. They decide important matters of policy by direct vote. The board elects its own officers and chooses the administrative personnel. It is accountable to the membership for management of their cooperative.

Q. HOW DO MEMBERS CHOOSE THEIR DIRECTORS AND PASS UPON POLICY MATTERS?

A. By their votes, cast democratically at regular, or special membership meetings.

Q. ON WHAT BASIS ARE THE VOTES APPORTIONED AMONG THE MEMBERS?

A. Each member pays the same membership fee to the cooperative. His membership certificate entitles him to one vote at business meetings. No member may have more than one membership certificate and one vote. Membership certificates are non-negotiable and proxy voting is limited. The cooperative system of personal voting is as democratic as the American system of electing public officials by popular vote.

Q. STOCK COMPANIES ALSO CLAIM DEMOCRATIC CONTROL. HOW DOES CONTROL IN STOCK COMPANIES DIFFER FROM CONTROL IN COOPERATIVES?

A. The voting power of a stockholder in a stock company depends on the amount of stock he owns. This places control in dollars, rather than in individuals. The amount of stock an individual may own is limited only by his ability to

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buy. Proxy voting in a stock company is ordinarily unrestricted. Thus a person or group may completely control a large company by obtaining a majority of the voting power through stock purchases or voting proxies. This type of undemocratic control by a minority is impossible under the cooperative system.

Q. WHEN ARE CO-OP BUSINESS MEETINGS HELD AND HOW DO THEY FUNCTION?

A. Regular cooperative membership meetings are held once a year. Special meetings are called when it is necessary to pass, without delay, upon business that only the members have the authority to decide. All meetings are democratic. All reports of officers or committees, all nominations, suggested changes in bylaws, questions involving new or changed policies or other business requiring action, are subject to free discussion and vote by the members. Their vote is final.

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KEY MATERIALS STILL SCARCE

We have on hand a sufficient supply of (List important items you have) to build our new (Name section, or sections), but we are still short of (List key material still missing). Until these items come we cannot complete the installation. However, (Add a sentence here to supply any definite delivery promises you may have.)

The "labor-only contract" plan, which we are following for this construction, was approved by REA and the Co-op after careful study. Both REA and the co-op were convinced that they could do the job this way more rapidly than on a "labor-and-material contract" basis. Under our plan, the co-op purchases all materials to be used on the project and has them ready when the contract for construction is let. Thus, when building operations start, they can be completed in the shortest possible time.

The fact that we can get service to you more quickly under the labor-only contract plan was our primary reason for adopting it, but there are also important economic advantages.

By buying the materials ourselves, we save the percentage added by contractors for tying up their capital for this purpose. Under existing market conditions, contractors must insure themselves against serious delays because of material shortages and the percentage they add is necessarily high enough to provide adequate protection. A second saving is available to us through discounting the bills. A third advantage is that we can get more bids and a lower per-mile contract cost by guaranteeing the contractor that he can move his crew onto the job, rush the work to completion and move on to another contract without expensive delays.

To let contracts with only a part of the materials on hand would defeat the economies of the labor-only contract plan and, would probably delay rather than hasten the date of your connection.

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FIRE PREVENTION WEEK IS ONLY  
ONE OF 52 WEEKS IN THE YEAR

National Fire Prevention Week emphasises the seriousness of our fire losses. But there are 51 other weeks in the year when we must be equally fire conscious if we are to reduce fire losses.

Because farmers are remote from fire fighting equipment, they face greater danger from fire than their city neighbors. Even where equipment can be brought to the scene in time, lack of water frequently prevents its efficient use.

These factors contributed to agriculture's fire toll last year. Thirty-five hundred farm people lost their lives. Two hundred million dollars in farm property was destroyed. Thirty-eight million dollars of damage resulted to forest lands.

All of this damage did not occur in one week. If equally distributed through the year, an average of 67 persons lost their lives and approximately four million, six hundred thousand dollars in property was destroyed each week.

Most fires start from small beginnings. If you have an efficient pressure water system driven by a reliable electric motor, install water connections near your important buildings and keep an adequate supply of garden hose where it can be reached conveniently. When a fire is discovered soon enough this equipment will be sufficient to bring it under control before serious damage results.

Above all else, look for and eliminate all fire hazards in the home, in the barn and other farm buildings, in fence rows, along telephone or power lines, in field or forest. Practically all fires are preventable.

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REA SHORTS

Recent reports revealed less than a 2<sup>1</sup>/<sub>2</sub> week supply of scrap metal on hand at steel mills. Some furnaces were shut down. Farmers are requested to help overcome this scrap iron shortage. Heavy farm scrap is preferred by the mills. Sell your scrap iron to your local dealer. It will help increase steel production which, in turn, will make it possible to produce more farm machinery along with other important metal products.

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"It is absolutely imperative to take central station service to rural people as quickly as possible. From the standpoint of the family's welfare, electricity is far more essential to the farm home than to the city home. Also, the farm is a factory. Production problems are mounting with labor scarcity. Electricity is necessary to help farmers insure the production this nation needs."

REA Administrator, Claude R. Wickard.

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"The authority of REA to make loans for generation and transmission facilities is the most effective means that I know of in seeing that rural people get adequate service at reasonable cost. It is my opinion that we are going to see even more concerted attempts on the part of the private utilities to deprive REA of this power. Every rural consumer in America, whether he is on REA lines or on the lines of a private utility, should be aware of the consequences if the private utilities are successful in their efforts along this line."

REA Administrator, Claude R. Wickard.

